(c) This issue has been taken up by the Government of India with the US authorities. India had also proposed a draft Totalisation Agreement to the USA for consideration so that this double taxation could be removed. But the USA has not so far responded positively in the matter.

Private Pension Scheme

505. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether a Private Pension Scheme is being introduced for Central Government employees who have joined service after 1st January, 2004;

(b) if so, the details thereof;

(c) whether Government would henceforth be absolved of all pension liability;

(d) if so, the status of the existing Government servants who joined service prior to 1st January, 2004; and

(e) the steps proposed to be taken to ensure that the pensionary rights including the quantum of pension of the existing pensioners remain unaffected under the new dispensation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) A new restructured defined contribution pension system is mandatory for all new Central Government recruits (excluding Armed Forces, in the first stage) with effect from 1st January,2004. The monthly contribution is 10 percent of the salary and Dearness Allowance to be paid by the employee and matched by the Central Government.

(c) and (d) No, Sir. Pension liability of all existing pensioners as well as those employees who were already in service on 31.12.2003 would remain with Central Government.

(e) The new pension system is not applicable to existing pensioners.

Merger of IFCI

506. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a proposal to merge IFCI Limited with Industrial Development Bank of India;

(b) if so, the details thereof;

(c) whether IFCI is already having merger association with any other bank; and